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UNCLAS SECTION 01 OF 04 ISTANBUL 001504

SIPDIS

C O R R E C T E D C O P Y (PARAGRAPH 2 AND Z CODE CHANGED)
SENSITIVE
SIPDIS

DEPARTMENT FOR H, EUR, AND EUR/NB
FOR SENATOR MCCAIN FROM AMBASSADOR WILSON

E.O. 12958: N/A
TAGS: [AFIN](#) [AMGT](#) [ASEC](#) [DA](#) [GG](#) [IT](#) [MW](#) [OREP](#) [TU](#)
SUBJECT: SCENESETTER FOR AUGUST 25-26 VISIT OF CODEL MCCAIN
TO TURKEY

REF: STATE 133481

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¶1. (SBU) SUMMARY: Mission Turkey warmly welcomes the visit of Codel McCain to Turkey. Turkey is an ally in the Global War on Terrorism (GWOT), facilitating the distribution of supplies and fuel to the coalition in Iraq and supporting the NATO Training Mission (NTM-I) there; publicly calling on Iran to comply with its IAEA commitments; and pressuring Syria and Hamas to renounce their support for terrorism. Turkey is considering contributing forces to UNIFIL in Lebanon. Earlier this month, Turkey began sharing command of ISAF-Central with France and Italy and plans to open its first Provincial Reconstruction Team (PRT) in Afghanistan by November.

¶2. (SBU) SUMMARY, con't: But there are challenges. Defense industry cooperation is on the decline. PKK terrorist attacks have resulted in pressure on the government to strike at PKK safehavens in northern Iraq. We are committed to helping Turkey address PKK terrorism. Turkey's EU accession aspirations are frustrated by slow implementation of reforms and Cyprus-related issues. END SUMMARY.

STRATEGIC DIALOGUE

¶3. (SBU) During an April 25 visit to Ankara, Secretary Rice unveiled with Foreign Minister Gul plans to regularize a series of bilateral consultations on issues such as Iraq, Iran, the Caucasus and Central Asia, economic and mil-to-mil relations, among others. A Shared Vision and Structured Dialogue document was finalized and publicly released during a visit by Gul to Washington on July 5. As a majority Muslim country that straddles Europe and the Middle East, Turkey shares a history and culture with many countries of US concern and is interested in playing a more active role.

A PARTNER IN GWOT

Lebanon:

¶4. (SBU) FM Gul visited Lebanon August 16 to show Turkish support for UNSC Resolution 1701 and to discuss a possible

contribution of Turkish forces to UNIFIL. PM Erdogan has spoken positively about Turkish participation, but the government has not yet made a decision on whether and what type or numbers of troops to provide. Gul traveled to Israel on August 20 to continue consultations. While recognizing Hezbollah's complicity in the crisis, since the start of the conflict Turkey pushed hard for an immediate cease-fire. The Turkish public has responded to graphic media reports of the carnage and increasingly has blamed Israel -- and to a large extent, the US -- for the current crisis. The Jewish community here talks of a rise in anti-Semitism. Turkey welcomed and assisted thousands of evacuees from Lebanon in late July, including approximately 1700 Americans.

Iraq:

15. (SBU) Turkey's agreement to allow the use of its territory as a logistical hub has been a crucial asset in our Iraq operations. Two-thirds of gasoline and diesel fuel shipments (3 million gallons per day) for the Iraqi people and 25% of sustainment fuel for the coalition crosses into Iraq through the Ground Line of Communication at Habur border crossing from Turkey. Since Turkey approved the use of Incirlik Air Base as a cargo hub to support coalition operations in Iraq in May 2005, over 152 million pounds of equipment has been shipped to US troops. Six C-17 aircraft now deliver from Incirlik the amount of supplies it took 9-10 planes to deliver from Germany. Additionally ten KC-135 tanker aircraft based at Incirlik since 2003 have run 2800 refueling sorties, delivering 192 million pounds of fuel in support of Operation Enduring Freedom and Operation Iraqi Freedom. Turkey is also considering our request to retrograde equipment out of Iraq through its ports. Turkey has four personnel assigned to NTM-I in Iraq and, under this rubric, has trained 57 Iraqi military officers in Turkey. Iraqis have pledged to send officers to at least seven additional courses this year.

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16. (SBU) Turkey shares the US goal of a unified, democratic Iraq that is secure within its borders. While Kurdish aspirations and the PKK presence in northern Iraq remain a concern, the government is contributing to Iraq's success. It supported the participation of all ethnic and religious groups in the elections and the constitutional referendum. It hosted a multi-party conference on the Iraqi constitution, a dialogue of hard-line Sunni leaders with US Ambassador Khalilzad, and a meeting of tribal leaders from the city of Talafar in an effort to calm the situation there. It provided training to over 300 Iraqi diplomats and political party members, and spearheaded a "neighbors meetings" process which has helped Iraqi government leaders interact with their regional counterparts.

17. (SBU) Turkish-Iraqi bilateral trade in 2005 was \$2.87 billion, of which \$2.42B was Turkish exports to Iraq. Turkey exports 270 MW of electricity to Iraq. Both countries aim to increase electricity exports from Turkey to 1000MW, which equates to 25% of Iraq's current peak capacity. Turkey has pledged \$50M in assistance to Iraq for energy, health and other projects, which remains mostly unfunded for security reasons. Turkey's port of Ceyhan is the terminus of the oil pipeline from Kirkuk.

Afghanistan:

18. (SBU) Turkey has twice successfully led the International Security Assistance Force (ISAF) in Afghanistan, most recently from February to August 2005. In early August, it began sharing joint command of ISAF-Central in Kabul for a two-year period. By November, it will open its first PRT in the neighboring province of Wardak. PM Erdogan visited Afghanistan in spring 2005 and subsequently increased Turkey's pledged assistance ten-fold to \$100M. This will be allocated in \$16M increments for five years to build schools,

hospitals, medical clinics and drinking water wells throughout the country. Four hospitals have already been constructed. The GOT provides counter-narcotics training in Turkey to Afghan security forces and will initiate such training in Afghanistan this year under the auspices of the Wardak PRT. President Karzai demonstrated his gratitude for Turkey's assistance by participating in a March counter-terrorism conference at Turkey's NATO Center of Excellence for the Defense Against Terrorism.

Other:

¶9. (SBU) Turkey continues to contribute forces to the peacekeeping efforts in the Balkans and provides training to Georgian security forces, including for pipeline security. It has contributed \$41M in equipment to Georgia over the past six years, and has trained some 1400 Georgian personnel. In Azerbaijan, Turkey has provided some \$150M in equipment and over \$100M in training and facilities over the past six years.

INCREASING PKK THREAT

¶10. (SBU) Since declaring an end to its "cease-fire," in May 2004, the PKK has stepped up bomb attacks in Istanbul and increasingly clashed with Turkish security forces in the country's southeast. A PKK off-shoot, the Kurdish Freedom Hawks (TAK), has warned foreigners to stay away from Turkey and has carried out attacks in tourist centers. The funerals of 14 PKK terrorists killed in a March operation led to violent unrest in Diyarbakir and other southeastern cities. Some 500 Turkish citizens have been killed so far this year in PKK violence, and televised news programs are filled with the funerals of Turkish security forces. Tourism bookings, which were expected to exceed last year's record levels, are slightly down from 2005, although revenue remains flat. Two August bombings in the heart of Istanbul's tourist area resulted in several injuries and may further deter visitors.

¶11. (SBU) The PKK issue is the biggest irritant in bilateral relations. The government welcomes our efforts with European allies to eliminate the PKK's financing sources and support

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networks in Europe and our intelligence-sharing program, but both the GOT and the public insist on US action against the PKK presence in northern Iraq. While recognizing that the insurgency prevents coalition troops from engaging the PKK in Iraq, the GOT remains frustrated at its inability, and perceived US unwillingness, to stop attacks it believes are emanating from the other side of its border.

¶12. (SBU) Security forces have had some success against the PKK in Istanbul and Ankara, where significant caches of plastic explosives were found and suspects arrested. Increased terrorism has hastened the military's push to strengthen its troop presence along Turkey's border with Iraq, as it does every spring. In July, public parallels between Israel's right to defend itself in Lebanon and the PKK situation were drawn. The government responded to public outcries for a cross-border operation against the PKK by renewing pressure on Iraq and the US to take concrete steps. The Iraqi government recently pledged to take steps. The US is working with Turkey and Iraq to establish a high-level trilateral mechanism for joint work on the problem.

REGIONAL DIPLOMACY: IRAN AND SYRIA

¶13. (SBU) Given its historical, cultural and religious ties with countries in the region and its geographic location bridging both east and west, Turkey feels both a right and a responsibility to engage countries of concern on issues of importance to the international community. Turkey has worked

in recent years to strengthen ties with Iran and Syria. It believes that, as the only Muslim country that has good relations with both Israel and the Palestinians, it can play a constructive role in the peace process. Despite Western disapproval, however, the foreign minister, representing the ruling Justice and Development Party (AKP), welcomed a Hamas delegation to Ankara in February 2006, and the prime minister and foreign minister continue to engage the Iranian and Syrian governments. In all cases, they assure us, they are sending the right messages in private.

¶14. (SBU) The MFA, military and many in the AKP government view a nuclear Iran as a threat to Turkey but all view diplomacy as the only road to a solution and therefore insist on engagement. The GOT is averse to broad economic sanctions that could disrupt a growing commercial relationship with Iran, particularly energy imports. The government's public statements have significantly strengthened since Iran resumed uranium enrichment. FM Gul visited Tehran in June and July to push for acceptance of the P5 1 package; Iranian FM Mottaki has visited Turkey twice since then, on his own initiative.

CYPRUS THREATENS TURKEY'S EU BID

¶15. (SBU) The EU has expressed frustration with what it perceives as lackluster GOT efforts to fully implement democratic reforms integral to Turkey's EU bid. Indictments against novelist Orhan Pamuk and other writers and intellectuals for statements purportedly undermining the Turkish identity, and unresolved issues with Turkey's Kurdish population which are exacerbating the PKK problem, give ammunition to those who want to prevent Turkey's accession. But the lack of a settlement of the Cyprus question may be the biggest immediate threat to Turkey's EU bid. Turkey remains bitter over the 2004 Greek Cypriot vote against UNSYG Annan's plan for a comprehensive settlement and, in particular, the EU's failure to produce the promised aid and trade package to reward Turkish Cypriots for their "yes" vote. Under its EU customs agreement, amended in 2005 to include all new EU members -- including Cyprus, Turkey must open its sea and airports to Greek Cypriot vessels. Turkey is unwilling to do so in absence of some EU measure to end the isolation of the Turkish Cypriots. This issue could stall Turkey's EU negotiations.

ECONOMY RECOVERING STRONGLY, BUT VULNERABLE

¶16. (SBU) The AK Party government has implemented key

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economic and structural reforms that have supported the economic recovery from the deep 2001 financial crisis. An average GDP growth rate of nearly 8% over the past three years is one of the highest in the world, foreign investment has strengthened, and inflation has been subdued. The IMF is currently overseeing a \$11.8 billion stand-by program and the World Bank's loan portfolio of \$6 billion is one of the largest for any country. Reforms and optimism engendered by the EU accession process have also bolstered economic performance. Yet, despite these achievements, the current account deficit is large (about 7% of GDP this year) and the government remains heavily indebted. This leaves the economy vulnerable to market swings that could threaten economic and political stability. Unemployment and poverty also remain serious problems. These vulnerabilities were highlighted since mid-May by a global market pullback that coincided with increased political uncertainty in Turkey, leading to a 16% fall in the exchange rate, an 18% drop in the stock market and a sharp increase in domestic interest rates. The central bank's and government's strong economic policy response, which included a 4% hike in official interest rates, seem to have allowed the economy to weather the turbulence and markets have nearly returned to their

pre-May level.

DEFENSE INDUSTRY COOPERATION DECLINING

¶17. (SBU) Defense industry cooperation, once the strongest aspect of our military-to-military relationship, is in decline. No US firm has won a direct commercial sale since Boeing was awarded a contract for an Airborne Early Warning and Control (AEW&C) aircraft in 2002. In 2004, three tenders (UAVs, Main Battle Tanks, and attack helicopters) were canceled. Two US firms, Boeing and Bell, were interested in a second attack helicopter tender, but declined to participate due to onerous liability and technology transfer requirements. (Several non-US firms did submit bids.) Raytheon bowed out of contention for an aircraft trainer tender, and Sikorsky may choose not to participate in a tender for 54 utility helicopters for the Turkish Armed Forces and Forestry Service for the same reason. Both in Ankara and in Washington, US firms and the USG have raised the technology transfer and liability concerns with Turkey's Ministry of Defense and Defense Industry Undersecretariat (SSM). Despite both Turkish military and government insistence that it wants US competition in these tenders, SSM has resisted making the necessary changes to the tenders to ensure it.

AGGRESSIVE COUNTER-NARCOTICS PROGRAM

¶18. (SBU) Turkey remains a significant transit country for Southwest Asian heroin destined for European markets. Turkish law enforcement vigorously pursues opiate traffickers and have made extensive opiate seizures. Arrests resulting from large seizures are prosecuted and generally result in lengthy sentences. Over eight metric tons of heroin were seized in Turkey in 2005, while nearly ten metric tons were seized in 2004. Several of the world's largest verified opiate seizures have been made in Turkey in recent years, including 7.5 metric tons of morphine base that were captured in a single seizure in 2002. In 2004, 4.4 metric tons of morphine base were seized and in 2005 there were two heroin seizures of over 1,000 kilograms each. Turkish law enforcement is actively participating in DEA's Operation Containment, a regional plan for combating Afghan opiates.

WILSON